

CHELAN COUNTY, WASHINGTON
Third Class County
January 1, 1991 Through December 31, 1991

Schedule Of Findings

1. The County Should Monitor Subrecipients In Accordance With Federal Guidelines

Chelan County has not monitored subrecipients of federal grants in accordance with federal regulations. The county lacked sufficient subrecipient monitoring procedures to identify all subrecipients and ensure the timely receipts and review of audit reports; whether federal assistance funds had been spent in accordance with federal laws; whether corrective action was needed on any findings or questioned costs; or whether the county's records needed to be adjusted as part of the audit resolution.

The Office of Management and Budget (OMB) Circular A-128 sets forth subrecipient monitoring requirements as follows:

State or local governments that receive Federal financial assistance and provide \$25,000 or more of it in a fiscal year to a subrecipient shall:

- a. determine whether State and local subrecipients have met the audit requirements of this Circular and whether subrecipients covered by Circular A-110, Uniform Requirements for Grants to Universities, Hospitals, and other Nonprofit Organizations, have met that requirement;
- b. determine whether the subrecipient spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subrecipient made in accordance with this Circular . . .
- c. ensure that appropriate corrective action is taken within six months after receipt of the audit reports in instances of noncompliance with Federal laws and regulations;
- d. consider whether subrecipient audits necessitate adjustment of the recipient's own records

Failure to adequately monitor subrecipient contracts results in lack of assurance that such contracts are properly administered and that costs charged are allowable, and could jeopardize future federal funding.

The procedures to monitor the county's subrecipients have not been established due to, in part, a general lack of understanding of the monitoring requirements.

We recommend that the county establish procedures to ensure that requirements for monitoring subrecipients have been met.

